

## **F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.**

### **REMUNERATION POLICY AND REPORT**

(prepared in accordance with Article 123-*ter* of Legislative Decree No. 58 of February 24, 1998 and Article 84-*quater* of the Regulations approved by Consob Resolution No. 11971 of May 14, 1999 and in compliance with Annex 7-*bis* to the Regulation)



Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 22, 2023, available to the public at the Company's registered office (via XXV Aprile No. 5, Pero [MI]), on the website ([www.filagroup.it](http://www.filagroup.it)) in the “Governance” section and on the authorised storage mechanism "eMarket Storage" ([www.emarketstorage.com](http://www.emarketstorage.com)).

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## KEY DEFINITIONS

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The principal definitions utilised in this Remuneration Report are illustrated below.

<b>Executive Directors</b>	Directors of the Company assigned operational or managerial powers or to whom the Board of Directors confers specific roles. At the Reporting date, the Executive Directors of the Company are: (i) the Chief Executive Officer Massimo Candela and (ii) the Executive Director Luca Pelosin.
<b>Shareholders' Meeting</b>	the Shareholders' Meeting of Fila
<b>Borsa Italiana</b>	Borsa Italiana S.p.A., with registered office at Milan, Piazza degli Affari no. 6.
<b>Corporate Governance Code</b>	the Corporate Governance Code of listed companies adopted by the Corporate Governance Committee in January 2020 and promoted by Borsa Italiana., ABI, Ania, Assogestioni, Assonime and Confindustria, available on the website <a href="http://www.borsaitaliana.it">www.borsaitaliana.it</a> in the section "Borsa Italiana - Regulation - Corporate Governance", to which the Company adheres.
<b>Board of Statutory Auditors</b>	the Board of Statutory Auditors of Fila.
<b>Control, Risks and Related Parties Committee</b>	the Control, Risks and Related Parties Committee of Fila, also responsible for related party transactions and appointed in accordance with the Consob RPT Regulation and the RPT Policy.
<b>Remuneration Committee</b>	the Company's Remuneration Committee established in implementation of the recommendations of the Corporate Governance Code.
<b>Board of Directors</b>	the Board of Directors of Fila.
<b>Consob</b>	Commissione Nazionale per le Società e la Borsa (Italian market oversight authority).
<b>Senior Executives or SEs</b>	the parties who have the power and the responsibility, directly or indirectly, for the planning, management and control of Group operations, identified by the Board of Directors with the support of the Chief Executive Officer. In any case, they include: (i) the Directors of the Company; (ii) the Statutory Auditors of the Company; and (iii) the Executive Officer for Financial Reporting.
<b>EBITDA</b>	in relation to the Group consolidated financial statements, the difference between: <ul style="list-style-type: none"> <li>1) the total core business revenue and other revenue and income; and</li> <li>2) the total operating costs (including costs for raw materials, ancillary, consumables and goods, the change in inventories of raw materials, semi-finished and finished</li> </ul>

products, services and rent, lease and similar costs, other operating costs and labour costs and excluding costs relating to the writedown of and provisions for fixed assets, trade receivables and cash and cash equivalents, and losses on trade receivables).

<b>Euronext Milan</b>	the regulated Euronext Milan stock market organised and managed by Borsa Italiana.
<b>Significant Events</b>	acquisitions or disposals of equity investments in companies, businesses and/or business units, mergers, spin-offs, share capital increases, conferments, legislative or regulatory amendments, changes to the accounting standards adopted for the preparation of the financial statements or other exceptional events with significant impact on the targets.
<b>Senior Managers</b>	Senior Managers of the Group - other than the Senior Executives - involved in positions considered by the Board of Directors, with the support of the Chief Executive Officer, as important for the growth and sustainability of the business of the Group, who are beneficiaries of the 2022-2026 Performance Shares Plan approved by the Shareholders' Meeting on April 27, 2022.
<b>Fila or Company</b>	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A., with registered office at Pero (MI), via XXV Aprile, 5, Economic and Administrative Index No. 2022589, Milan, Monza-Brianza and Lodi Companies Registration Office and Tax No. 08391050963.
<b>Group or Fila Group</b>	Fila and the companies over which it exercises, directly or indirectly, control according to the applicable IFRS accounting standards.
<b>NFP</b>	<p>indicates, in relation to the consolidated financial statements of the Group, the sum of:</p> <ol style="list-style-type: none"> <li>1) cash and cash equivalents (cash, other liquid assets)</li> <li>2) cash equivalents (securities held for trading);</li> <li>3) current and non-current financial assets (loans and receivables);</li> <li>4) current financial debt (current bank payables, current portion of non-current debt, other current financial payables);</li> <li>5) non-current financial debt (non-current bank payables, bonds issued, other non-current financial payables);</li> </ol>

	excluding financial assets and liabilities related to the application of IFRS 16 (NFP IFRS 16) and current and non-current financial instruments (MTM).
<b>2019-2021 Performance Shares Plan or 2019-2021 PSP</b>	the remuneration plan as per Article 114- <i>bis</i> of the CFA concerning the free grant of Company shares, which was approved by the Shareholders' Meeting on April 18, 2019 and expired naturally on December 31, 2021.
<b>2022-2026 Performance Shares Plan or 2022-2026 PSP</b>	the rolling remuneration plan as per Article 114- <i>bis</i> of the CFA concerning the free assignment of Company shares, which - on the proposal of the Board of Directors - was approved by the Shareholders' Meeting on April 27, 2022.
<b>Remuneration Policy</b>	<p>Section I of the Report, which clearly and comprehensibly outlines: (a) the Company and Group policy for 2023 concerning remuneration of the members of the Board of Directors and of the Senior Executives, and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the Board of Statutory Auditors; and (b) the boards involved and the procedures used for its preparation, approval and possible review, as well as its duration.</p> <p>The Remuneration Policy is submitted to the binding vote of the Shareholders' Meeting.</p>
<b>2022 Remuneration Policy</b>	sets out the Remuneration Policy of the Company and the Group for the 2022 financial year, approved by a binding vote of the Shareholders' Meeting on April 27, 2022 and applied during the 2022 financial year.
<b>Honorary Chairperson</b>	the individual selected from among persons of high standing and who have contributed to the establishment and/or growth of the Company, in accordance with Article 12.5 of the By-Laws. At the date of the present Report, the Honorary Chairperson is Alberto Candela.
<b>RPT Policy</b>	the policy for related party transactions adopted by the Company in compliance with the Consob RPT Regulation.
<b>Consob RPT Regulation</b>	the " <i>Regulation on the provisions for related party transactions</i> " adopted by Consob Resolution No. 17221 of March 12, 2010.
<b>Issuers' Regulation</b>	the CFA implementing regulation concerning the governance of issuers, adopted with Consob Resolution No. 11971 of May 14, 1999.
<b>Report</b>	this report on the remuneration policy of the Company and the Group for the financial year 2023 and the remuneration paid in 2022.

<b>ROI</b>	Return on Investment, calculated, for the purposes of the 2022-2026 Performance Plan, as the ratio between consolidated operating income and net invested capital, as per the Group's business plan, both calculated excluding the effects of IFRS 16.
<b>Independent Audit Firm</b>	the independent audit firm of Fila, KPMG S.p.A.
<b>By-Laws</b>	Fila's By-Laws, as most recently amended on June 11, 2021 and available on the Company's website.
<b>CFA</b>	Legislative Decree No. 58 of February 24, 1998.

## INTRODUCTION

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The Report is divided into two sections:

- Section I (submitted to the binding vote of the Shareholders' Meeting) explains clearly and comprehensibly:
  - (a) the Company and Group policy for 2023 concerning remuneration of the members of the Board of Directors and of the Senior Executives, and, without prejudice to the provisions of Article 2402 of the Civil Code, of the members of the Board of Statutory Auditors;
  - (b) the boards involved and the procedures used for the preparation, approval and possible revision of the Remuneration Policy, as well as the duration thereof.
- Section II (submitted to the non-binding vote of the Shareholders' Meeting) illustrates clearly and comprehensibly, by name for the members of the Board of Directors and the Board of Statutory Auditors and in total for Senior Executives:
  - (a) each of the items which comprise remuneration, including benefits on conclusion of office, highlighting compliance with the Company's Remuneration Policy for 2022; and
  - (b) the compensation paid by the Company, its subsidiaries or associated companies for any reason and in any form during the year, indicating any components of the aforementioned compensation that refer to work carried out in financial years prior to 2022. It also highlights the compensation to be paid in one or more subsequent years for work carried out during 2022, indicating where necessary an estimated value for components that cannot be objectively quantified in 2022.

Pursuant to Article 84-*quater*, paragraph 4 of the Issuers' Regulation, the Report also contains an indication of the equity investments held by the members of the Board of Directors, the members of the Board of Statutory Auditors and Senior Executives.

The Report was approved by the Board of Directors of the Company on March 22, 2023, on the proposal of the Remuneration Committee. It was prepared in compliance with current and applicable legislation and, specifically, with Article 123-*ter* of the CFA and with Article 84-*quater* and Annex 7-*bis* of the Issuers' Regulation.

The Remuneration Policy, described in Section I of the Report, was defined in line with the recommendations of the Corporate Governance Code, with which the Company complies, and was also adopted by the Company in accordance with the Consob RPT Regulation and the RPT Policy.

The Remuneration Policy, which substantially expands on the 2022 Remuneration Policy, includes the following major new elements:

- (a) new qualitative targets for short-term variable remuneration for Executive Directors;



- (b) a partially different split of the SEs for the purpose of determining the short-term variable component; and
- (c) launch of the second cycle (i.e. 2023-2025) of the 2022-2026 Performance Shares Plan, resulting in the identification of relevant beneficiaries and qualitative and quantitative targets.

This Report is made available to the public by the 21<sup>st</sup> (twenty-first) day prior to the date of the Shareholders' Meeting called for the approval of the 2022 Annual Accounts and which, furthermore, shall be called to express itself, with a binding motion, on Section I of this Report, and with a non-binding motion on Section II of the same. In accordance with the provisions of applicable law, it will be made available at the registered office of the Company (via XXV Aprile No. 5, Pero), on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the "Governance" section, and on the authorised storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)).

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#### Results of the Shareholders' Meeting vote on the 2022 remuneration policy and 2021 report

The Shareholders Meeting held on April 27, 2022, (i) approved, by binding vote, Section I of the 2022 Remuneration Policy and Report (i.e. the 2022 Remuneration Policy); and (ii) cast an advisory vote on Section II of the 2022 Remuneration Policy and Report (i.e. the 2021 Remuneration Paid); and (iii) approved the 2022-2026 Performance Shares Plan.

The percentage of votes in favour was 98.162%, 97.615% and 89.145% of the total number of votes represented at the Shareholders' Meeting. The percentage of votes in favour demonstrated the high level of shareholder approval of the structure, principles, and compensation levels set forth in the 2022 Remuneration Policy, and towards the compensation paid by Fila during fiscal year 2021, in addition to the structure of the medium-to-long-term variable component awarded to Executive Directors, to SEs, and Senior Managers, thus confirming Fila's commitment to the priority objective of sustainable value creation for shareholders and other Company stakeholders.

Moreover, there were no indications from shareholders to be considered for the purposes of this Report.

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#### ***Executive summary***

For purposes of clarity, the following table summarises total Executive Directors' compensation package structure awarded in 2023 under this Remuneration Policy; this is calculated on the basis of

compensation payable if the "base" levels of the Executive Directors' targets set for the short-term variable component and the medium-long term variable are achieved.

OFFICE	FIXED	VARIABLE		TOTAL
		SHORT-TERM	MEDIUM- TO LONG-TERM (*)(**)	
<b>Chief Executive Officer</b> (Massimo Candela)	56.21%	28.11%	15.68%	<b>100%</b>
<b>Executive Director</b> (Luca Pelosin)	56.29%	28.15%	15.56%	<b>100%</b>

(\*) Deferred component in shares of the medium-/long-term variable remuneration relating to represented by the 2022-2026 PSP, the achievement of whose performance targets (qualitative and quantitative) will be verified by the Board of Directors, on the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors.

(\*\*) percentage values were calculated, for the deferred share component of the medium-to-long-term variable remuneration represented by the 2022-2026 PSP, considering the 2023 portion of the shares allocated for the first and second cycles of the plan (in the base scenario, i.e. assuming achievement of the "target" level of performance targets) considering the shares relevant to fiscal year 2023, calculated on the basis of a unit value of the shares at their allocation date, and equal to Euro 9.14 for the first cycle and Euro 7.00 for the second cycle.

Please refer to Section I, paragraphs 3.2 and 3.3 of the Report for more information on the Executive Directors' compensation package.

## SECTION I

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The Remuneration Policy defines the principles and guidelines adopted by Fila for the remuneration of the members of the Board of Directors, Senior Executives and Members of the Board of Statutory Auditors. It contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and the Group, and is determined taking into account the compensation and working conditions of Fila's employees.

### **1. PROCEDURES FOR THE PREPARATION, APPROVAL, ANY REVISION AND IMPLEMENTATION OF THE REMUNERATION POLICY**

#### **1.1 PARTIES INVOLVED IN THE PREPARATION, APPROVAL AND REVIEW OF THE REMUNERATION POLICY AND ITS CORRECT IMPLEMENTATION**

The principal parties and boards involved in the preparation, any revision and approval of the Remuneration Policy are the Shareholders' Meeting, the Board of Directors, the Remuneration Committee and the Board of Statutory Auditors and the Independent Audit Firm. They are also responsible for the correct implementation of the Remuneration Policy and oversee its correct implementation.

A brief description of the duties, which in accordance with the applicable regulation and internal regulation of Fila are required of these Boards with regards to the remuneration of the Directors, is provided below.

#### *Shareholders' Meeting*

The Shareholders' Meeting has the following duties in terms of remuneration:

- (i) establish the remuneration of the members of the Board of Directors in accordance with Article 2364, paragraph 1, No. 3) of the Civil Code, also in accordance with Article 2389, paragraph 3 of the Civil Code and Article 15 of the By-Laws;
- (ii) establish the remuneration of the members of the Board of Statutory Auditors as per Articles 2364, paragraph 1, no. 3), and 2402 of the Civil Code.
- (iii) pursuant to Article 123-ter, paragraph 3-bis, of the CFA, resolve on Section I of the Report according to the time period set by the Remuneration Policy itself, and in any case at least every 3 (three) years or when the policy is amended (pursuant to Article 123-ter, paragraph 3-ter, of the CFA, this Shareholders' Meeting motion is binding). If the Shareholders' Meeting does not approve the Remuneration Policy submitted to the binding vote, the Company will continue to pay remuneration in accordance with the most recent Remuneration Policy approved by the Shareholders' Meeting or, failing this, may continue to pay remuneration in accordance with current practice. The Company shall submit a new Remuneration Policy to the shareholders' vote at the latest at the next Shareholders' Meeting provided for by Article 2364, paragraph 2, of the Civil Code;
- (iv) pursuant to Article 123-ter, paragraph 6 of the CFA, decide in favour or against Section II of the Report (in accordance with the above-stated regulation; this Shareholders' Meeting decision is not binding);

- (v) deliberates on any remuneration plans based on shares or other financial instruments for Directors, employees or collaborators of the Group, in accordance with Article 114-*bis* of the CFA.

#### Board of Directors

The Board of Directors:

- (i) sets up an internal Remuneration Committee;
- (ii) establishes the remuneration of the Executive Directors on the proposal of the Remuneration Committee (and, where necessary, of the Control, Risks and Related Parties Committee), with prior opinion from the Board of Statutory Auditors, within any remuneration established by the Shareholders' Meeting in accordance with Article 2389, paragraph 3 of the Civil Code and breaks down the fixed annual remuneration for execution of office, established in totality by the Shareholders' Meeting, as set out by Article 15 of the By-Laws;
- (iii) draws up, on the proposal of the Remuneration Committee and through a transparent procedure, the Remuneration Policy;
- (iv) approves the Remuneration Report to be put to the Shareholders' Meeting in accordance with Articles 123-*ter* of the CFA and 84-*quater* of the Issuers' Regulation;
- (v) prepares any remuneration plans based on shares or other financial instruments for Directors, employees or collaborators of the Company and of the Group, in accordance with Article 114-*bis* of the CFA, submitting them also for the approval of the Shareholders' Meeting of the Company and ensuring their implementation.

#### Remuneration Committee

The Remuneration Committee assists the Board of Directors through investigative, proposal and consultation duties, for the evaluations and decisions concerning the remuneration of Directors, Statutory Auditors and Senior Executives. Specifically, the Remuneration Committee:

- (i) assists the Board of Directors in developing the Remuneration Policy;
- (ii) periodically assesses the adequacy and overall consistency of the Remuneration Policy for Directors, Statutory Auditors and Senior Executives. It shall make any proposals to the Board of Directors for revisions in this regard;
- (iii) monitors the application of the Remuneration Policy for Directors, Statutory Auditors and Senior Executives and verifies, in particular, the achievement of performance targets;
- (iv) presents proposals or expresses opinions to the Board of Directors on the remuneration of the Executive Directors as well as establishing the performance targets related to the variable component of this remuneration;
- (v) review in advance the annual remuneration report to be made available to the public at the Shareholders' Meeting for presentation of the Annual Financial Statements; and

(vi) carries out duties given to it by the Board of Directors.

This committee guarantees the broadest scope of information and transparency on the remuneration of the Executive Directors, as well as the manner for determining their remuneration. In any case, as per Article 2389, paragraph 3 of the Civil Code, the sole responsibility of the Remuneration Committee is to present proposals, while the power of determining the remuneration of Executive Directors remains with the Board of Directors, having consulted with the Board of Statutory Auditors.

With regard to the role, composition and functioning of the Remuneration Committee, reference should be made to Paragraph 1.2 1.2

#### Board of Statutory Auditors

The Board of Statutory Auditors expresses an opinion upon the remuneration proposals of the Executive Directors, in addition to other persons holding specific offices, in accordance with Article 2389, paragraph 3 of the Civil Code, verifying the consistency of such with the Remuneration Policy adopted by the Company.

#### Independent Audit Firm

The Independent Audit Firm verifies that the Directors provide Section II of the Report.

## **1.2 REMUNERATION COMMITTEE**

The Remuneration Committee currently in office was appointed with the Board of Directors motion of April 27, 2021. The composition, appointment, duties and operating procedures of the Remuneration Committee are governed by the Corporate Governance Code and the Board of Directors and Committees Regulation, which were approved by the Board of Directors on May 14, 2021 <sup>(1)</sup>.

In line with the recommendations of the Corporate Governance Code, the Remuneration Committee comprises at least 3 (three) Non-Executive Directors, the majority of whom are independent. The Chairperson is selected from among the Independent Directors. Also in line with the Corporate Governance Code, the Remuneration Committee regulation stipulates that at least 1 (one) of its members should possess appropriate accounting, financial or remuneration policy knowledge and experience, as assessed by the Board of Directors on appointment.

In addition, pursuant to the provisions of the Corporate Governance Code, if the Chairperson of the Board of Directors who is evaluated as independent participates in the Remuneration Committee: (i) a majority of the members of the Remuneration Committee are other Independent Directors; and (ii) he/she does not chair the Remuneration Committee.

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<sup>(1)</sup> Board of Directors and Committees Regulation is available on the Company's website [www.filagroup.it](http://www.filagroup.it), under the "Governance" section.

At the date of the Report, the composition of the Remuneration Committee is as shown in the following table.

DIRECTOR	DATE OF APPOINTMENT	COMPETENCES HELD
Carlo Paris (Chairperson)	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.
Annalisa Barbera	April 27, 2021	Non-Executive Director with knowledge and skills in accounting, financial matters and remuneration policies.
Giorgina Gallo	April 27, 2021	Independent Director with knowledge and skills in accounting, financial matters and remuneration policies.

On appointment, the Board of Directors positively assessed the knowledge and competence on financial matters and remuneration policies of all the members of the Committee.

The meetings of the Remuneration Committee are held as a collective and are appropriately minuted.

As indicated in Section I, Chapter One, Paragraph 1.1, the Remuneration Committee is not the only entity involved in the preparation, approval and any revision of the Remuneration Policy. The plurality of parties involved, in addition to complying with regulatory requirements, ensures the most complete transparency of decision-making processes relating to the remuneration of Directors, Statutory Auditors and Senior Executives and guarantees that decisions on the matter are taken in a transparent, informed and timely manner by the boards responsible, which, through mutual control, avoid the emergence of conflicts of interest.

Similarly, in accordance with the provisions of the Corporate Governance Code, no Director takes part in the meetings of the Remuneration Committee at which proposals are definitively made to the Board of Directors regarding his or her own remuneration.

On invitation, representatives of company departments and independent experts and/or other parties, whose participation is considered beneficial for the discussion of the matters at issue, may attend meetings of the Remuneration Committee. We note that during the Committee meetings held in 2022, the Executive Director (who also holds the position of Head of Human Resources) and the Chief Executive Officer were invited to attend some Committee meetings. The sole purpose of this was to present the Group's strategies and corporate vision with the aim of identifying and developing qualitative and quantitative targets and taking part in the discussion. Both Directors left the meeting before any motion was passed.

Where considered necessary and/or beneficial for the execution of its duties, the Remuneration Committee may use outside remuneration policy consultants, making use of the annual budget allocated by the Board of Directors.

For more information relating to the activities of the Remuneration Committee in 2022, reference should be made to the Corporate Governance and Ownership Structure Report at December 31, 2022, available at the Company's registered office (via XXV Aprile No. 5, Pero), on the website ([www.filagroup.it](http://www.filagroup.it)), in the "Governance" section and on the authorised storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)), in accordance with law.

In the period between May 2022 and March 2023, the Remuneration Committee:

- (i) made its assessments of the adequacy, consistency and concrete application of 2022 Remuneration Policy;
- (ii) defined the Remuneration Policy described in this Report;
- (iii) prepared this Report;
- (iv) verified the achievement of the annual performance targets (qualitative and quantitative) for the year 2022 with regard to the short-term variable remuneration of the Executive Directors, set out in the 2022 Remuneration Policy;
- (v) presented proposals to the Board of Directors for the fixed and variable remuneration component of the Executive Directors for the year 2023; and
- (vi) formulated proposals to the Board of Directors on the definition of the beneficiaries of the second cycle (i.e. 2023-2025) of the 2022-2026 Performance Shares Plan and on the related qualitative and quantitative targets.

For 2023, the Remuneration Committee will be called upon to organise the additional activities briefly outlined below:

- (i) presentation of the Report to the Shareholders' Meeting (scheduled for April 2023);
- (ii) assessment of the adequacy, consistency and application of the Remuneration Policy (scheduled for November 2023); and
- (iii) setting out the activities for the first quarter of 2024 (scheduled for November 2023).

## **2. INDEPENDENT EXPERTS INVOLVED IN PREPARING THE REMUNERATION POLICY**

Considering that the Remuneration Policy described in this Report essentially derives from the 2022 Remuneration Policy, the Remuneration Committee did not seek independent experts' advice.

For information on independent experts involved in the preparation of 2022 Remuneration Policy, please refer to first Section of report on remuneration for fiscal year 2022 and compensation paid in fiscal year 2021, available for public review at the Company's registered office (Via XXV Aprile No. 5, Pero), and on the Company's website (at [www.filagroup.it](http://www.filagroup.it)), in the "Governance" section, and via the authorised storage mechanism "eMarketStorage" ([www.emarketstorage.com](http://www.emarketstorage.com)).

### 3. REMUNERATION POLICY

#### 3.1 AIMS AND PRINCIPLES OF THE REMUNERATION POLICY

The Remuneration Policy is drawn up so as to ensure an overall remuneration structure in line with the current and future requirements of the Company and the Group and which recognises the managerial value of the beneficiaries and the contribution provided to the growth of the Company in terms of their respective competences.

The Remuneration Policy contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and the Group. It seeks to attract, maintain and motivate individuals of high professional standing, with particular regard to key positions for the development and management of the business, in addition to rewarding the achievement of the individual and company performance targets on the basis of the Company's economic-financial growth indicators and specific non-financial objectives (including those relating to "Environmental, Social, and Corporate Governance - ESG").

The main purpose of the Remuneration Policy is to align the interests of the Company's management with the pursuit of the priority objective of creating sustainable value for Fila's shareholders and other stakeholders in the medium to long term. As such, the Board of Directors and the Remuneration Committee define the Remuneration Policy so as to ensure constant alignment between the short- and medium/long-term performance targets assigned to management and the main strategic drivers of the Company and the Group. These focus particularly on the pursuit of efficient business integration at the various Group companies, and the pursuit of a sustainable growth strategy in the medium/long term.

The Remuneration Policy, in line with the general objectives outlined above, is based on the following key principles and is defined according to the following criteria:

- (i) appropriate balance between the fixed and variable components according to the strategic objectives and the risk management policy of the Company, taking account of the sector in which the Group operates and the operations carried out, in order to avoid conduct which does not serve the creation of sustainable value over the short and medium/long term, while providing that the variable component represents a significant part of the overall remuneration;
- (ii) definition of limits for the payment of variable components;
- (iii) determination of performance targets, to which the payment of variable components is linked, predetermined, measurable and linked in significant part to a long-term horizon. They must be consistent with the strategic objectives of the Company and/or the Group and are aimed at promoting its sustainable success, including, where relevant, non-financial parameters;
- (iv) creation of a direct link between remuneration and performance, through mechanisms which provide for the issue of differing levels of bonuses linked to the partial or total achievement of the targets; and



- (v) establishment of overall remuneration levels which recognise the professional value of individuals and their contribution to the creation of sustainable value over the short and medium/long-term period;
- (vi) provision of an adequate deferral period - with respect to the time of maturity - for the payment of a significant part of the variable component, consistent with the underlying business activity and the related risk profiles.

The Company stipulates contractual conditions to allow for the restitution, in full or in part, of the variable remuneration components paid (or withhold any sums subject to deferred payment), on the basis of data which is subsequently clearly erroneous in accordance with Article 5, Recommendation No. 27, letter e) of the Corporate Governance Code (clawback and malus clauses).

In line with the principles set out above, the Shareholders' Meeting of April 27, 2022 approved the adoption of the 2022-2026 Performance Shares Plan, intended for Executive Directors, Senior Executives and Senior Managers, to replace the 2019-2021 Performance Shares Plan, intended for the same categories of beneficiaries and which expired naturally on December 31, 2021.

The beneficiaries of the first cycle (i.e. 2022-2024) of the 2022-2026 Performance Shares Plan were duly identified on March 22, 2022 by the Board of Directors, on the proposal of the Remuneration Committee, subject to approval of the same new incentive plan by the Shareholders' Meeting.

The beneficiaries of the second cycle (i.e. 2023-2025) of the 2022-2026 Performance Shares Plan were duly identified on March 22, 2023 by the Board of Directors, on the proposal of the Remuneration Committee.

The 2022-2026 Performance Shares Plan seeks to boost the Company's attractiveness with reference to external parties, as well as to encourage the retention and incentivisation of those Directors, employees or collaborators considered significant for the Group, enhancing the value of the Company and of the Group and the dissemination of a value creation culture in all strategic and operating decisions. It also seeks to align the interests of senior management with those of the shareholders over the long term.

In accordance with the provisions of Article 5, Recommendation No. 28 of the Corporate Governance Code, the 2022-2026 Performance Shares Plan provides for a predominant portion of the plan to have an aggregate vesting period for the rights and retention of the shares granted to the beneficiaries thereof (referred to as the minimum holding) of at least five (5) years. Specifically, the 2022-2026 Performance Shares Plan requires beneficiaries to hold the shares granted at the end of each three-year vesting period (2022-2024/2023-2025/2024-2026) for 24 (twenty-four) months, net of any shares sold to meet tax obligations through the "sell to cover" method.

The 2023 Remuneration Policy is substantially consistent and in continuity with the structure of the 2022 Remuneration Policy. It confirms the previous objectives of harmonising the Remuneration Policy at the Group and individual level (for Executive Directors, Senior Executives and Senior Managers), while specifically retaining distinctive characteristics aimed at enhancing strategic skills and ensuring the retention of key resources.

The Remuneration Policy remains in force for one year and therefore until December 31, 2023. It provides for:

- (a) a 2022-2026 Performance Shares Plan for Executive Directors, Senior Executives and Senior Managers, with a single timeframe for all beneficiaries and aligned with the objectives of the Group's business plan. In addition, the process of granting beneficiaries rights to receive shares on a rolling basis is intended to mitigate the effects of any circumstances that were extraordinary or unforeseeable at the time of adopting the 2022-2026 PSP;
- (b) a balance between the fixed and variable component, as well as adequate weighting between the short-term and long-term variable components;
- (c) indication of performance targets, to which the disbursement of the variable components is linked, quantitative (of an economic-financial nature) and qualitative (of a non-financial nature, including with regard to "Environmental, Social, and Corporate Governance - ESG"), measurable, consistent with the strategic objectives of the Company and/or the Group and aimed at promoting the sustainable success of the Company;
- (d) adoption of performance and payout curves - applicable to variable remuneration linked to short-term and long-term quantitative targets - adequately incentivising and uniform for Executive Directors, Senior Executives and Senior Managers;
- (e) a restriction on the payment of the short-term variable component linked to qualitative targets, which provides for a bonus reduction in connection with the partial or total failure to achieve specific quantitative targets;
- (f) the fixing of the exchange rate to the budget, to be used for the consolidation of economic and financial targets applicable to the variable remuneration linked to the achievement of both short-term and long-term targets;
- (g) uniform application of clawback and malus clauses for Executive Directors, Senior Executives and Senior Managers;

The Remuneration Policy is largely a continuation of the 2022 Remuneration Policy. The main changes from the 2022 Remuneration Policy consist of (i) identification of new targets for short-term qualitative Executive Directors' variable component allocation; (ii) partially different breakdown of SEs in determining short-term variable component; and (iii) launch of second cycle (i.e. 2023-2025) of 2022-2026 Performance Shares Plan, with consequent identification of relevant beneficiaries and qualitative and quantitative targets.

In the preparation of the Remuneration Policy, the Board of Directors has considered the compensation and working conditions of employees. In particular, we note that (i) Fila's employees are subject to the sector's national collective bargaining agreements and the industrial managers contract; (ii) Fila constantly monitors the level of remuneration provided for the employees of the Company and of the main Group companies in order to guarantee an effective attraction and retention policy; (iii) within the framework of the short and long-term incentive plans (including the 2022-2026 PSP), it is envisaged that the beneficiaries include not only the Executive Directors and Senior Executives, but also employees of the Company and of the Group with managerial functions and relevant for the growth and sustainability of the Group's business (the so-called Senior Managers); (iv) a significant part of the employees of the Company and of the main subsidiaries of the Group are included in the short-term incentive plans according to performance indicators similar to those used for the assessment of the Executive Directors, Senior Executives and Senior Managers.

The Board of Directors and the Remuneration Committee, in defining the Remuneration Policy, have taken into account the guidelines expressed by the shareholders during the Shareholders' Meeting vote on Section I of the 2022 remuneration policy and 2021 report (favourable votes equal to 98.162% and 97.615% respectively of the total voting rights represented at the Shareholders' Meeting), which confirmed significant shareholder approval of the structure, principles and remuneration levels provided for therein and which, therefore, remain unchanged.

### **3.2 OUTLINE OF THE REMUNERATION POLICY**

This section contains the description of the Remuneration Policy defined by the Company, with specific reference to the following managers:

- (i) members of the Board of Directors, divided into:
  - a. Non-Executive Directors;
  - b. Executive Directors;
- (ii) members of the Board of Statutory Auditors;
- (iii) Senior Executives;
- (iv) Senior Managers;
- (v) Honorary Chairperson.

Notwithstanding the above-mentioned harmonisation of the remuneration structure at the Group and the individual managerial level, the Company considers it appropriate to retain some differences in the calculation of the individual remuneration components, to better adjust them to the level of executive/managerial skills and responsibility recognised to the persons concerned.

**(i) Members of the Board of Directors**

The remuneration of members of the Board of Directors seeks to attract and motivate the best professional talent for the exercise of their duties and the achievement of the goals of the Remuneration Policy.

All Directors receive a fixed remuneration which appropriately compensates the work and commitment provided by the Directors to the Company.

In addition to the remuneration of the Directors as members of the Board of Directors, their total remuneration consists of the compensation received for participation in the internal Board Committees. This additional fee is paid as a fixed amount and is proportionate to the commitment required by each member; for this reason, it is proportionate according to the position held by the Directors within these committees, i.e. whether they take part in them as Chairperson - who is entrusted with significant commitment and organisational duties - or as simple member.

Following the renewal of the administrative body by the Shareholders' Meeting of April 27, 2021, the Board of Directors held a meeting on May 14, 2021. On the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors pursuant to Article 2389 of the Civil Code, the Board of Directors passed a motion to pay the following additional fees for participation of the Company's Directors in the internal committees: (a) Euro 20,000 gross per annum for the Chairperson of the Control, Risks and Related Parties Committee and Euro 7,500 gross per annum for each member of the aforesaid Committee (excluding the Chairperson); (b) Euro 12,000 gross per annum for the Chairperson of the Remuneration Committee and Euro 6,000 gross per annum for each member of the aforesaid Committee (excluding the Chairperson).

*a. Non-Executive Directors*

Non-Executive Directors (whether Independent Directors or not) receive remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code, in addition to the reimbursement of expenses incurred.

The Chairperson of the Board of Directors is recognised a remuneration established by the Shareholders' Meeting in accordance with Article 2389 of the Civil Code, the reimbursement of expenses incurred, and is granted a fringe benefit consisting of the provision of a company car for mixed use.

During the renewal of the administrative body, the Shareholders' Meeting of April 27, 2021 resolved, on the proposal of the shareholders, to grant the Board of Directors a total gross annual remuneration of Euro 270,000.

Following the renewal of the Board of Directors by the Shareholders' Meeting of April 27, 2021, the Board of Directors, at its meeting of April 27, 2021, therefore decided to allocate this compensation among the members of the Board of Directors as follows: (i) Euro 120,000 gross annually to the Chairperson of the Board of Directors and (ii) Euro 25,000 gross annually for each director (excluding the Chairperson of the Board of Directors).

The remuneration paid to these Directors is not based on any financial results or specific targets of the Company.

b. Executive Directors

The remuneration of Executive Directors is adequately balanced in order to contribute effectively to the Company's strategy, the pursuit of long-term interests and the sustainability of the Company.

In particular, the remuneration of the Executive Directors comprises:

- a fixed component: this component takes account of the extent and strategic importance of the role, its subjective distinctive characteristics and the strategic skills of the managers assigned to the role. The amount is sufficient to remunerate the service also in the case of the non-achievement of the financial and non-financial performance targets upon which the variable remuneration component is based, and therefore - among other issues - discourages conduct not consistent with the risk propensity of the Company. In particular, the fixed component is based on the size of the business managed and the capacity for contribution to the consolidated results of the Group;
- a short-term variable component: this component seeks to incentivise Executive Directors to work towards achieving the annual targets, in order to maximise the value of the Group, in line with the interests of shareholders and other stakeholders. This component is achieved against, and proportionally to, the achievement of the annual financial and non-financial performance targets established by the Board of Directors, on the proposal of the Remuneration Committee and subject to the opinion of the Board of Statutory Auditors. In any case, this component is balanced - in comparison to others - to avoid short-term or opportunistic policies, favouring therefore medium/long-term strategies, in the interest of the stakeholders and the sustainability of the business;
- a medium/long-term variable component: this component seeks to incentivise Executive Directors to maximise the value of the Group and to align the interests of these Directors with those of the shareholders and other stakeholders, within a medium/long term and sustainability framework. This remuneration will be paid on a deferred basis, at the end of 3 (three) different three-year vesting periods and will be subject to a minimum holding period of 24 (twenty-four) months;
- fringe benefits: provide for the provisions of goods and/or services in line with market practice and applicable regulations.

For a description of the fixed component and the short-term variable component for Executive Directors, reference should be made to Section I, Chapter 3, Paragraph 3.3 (i) of this Report.

For a description of the medium/long-term component for Executive Directors, to be granted in execution of the 2022-2026 Performance Shares Plan, reference should be made Section I, Chapter 3, Paragraph 3.3.4 of this Report.

A description of the fringe benefits attributed to Executive Directors can be found in Section I, Chapter 4.

## (ii) Members of the Board of Statutory Auditors

The standing members of the Board of Statutory Auditors are paid a fixed compensation determined by the Shareholders' Meeting pursuant to Article 2402 of the Civil Code, and are reimbursed for expenses incurred in the execution of their office.

The remuneration of the Statutory Auditors and the Chairperson of the Board of Statutory Auditors is at all times commensurate with the professionalism and commitment required, the importance of the role covered, and to the size and sector of the Company.

The Shareholders' Meeting of April 27, 2021, on the appointment of the Board of Statutory Auditors, approved a gross annual remuneration for each Statutory Auditor of Euro 30,000 and of Euro 40,000 for the Chairperson of the Board of Statutory Auditors.

## (iii) Senior Executives

The remuneration of Senior Executives aims to concentrate greater management focus on the long-term results of the Company and on the creation of value.

The Company therefore adopted a policy to achieve these targets also through the implementation of a variable remuneration system, with a strong attraction and retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Executives is composed of:

- a *fixed component*: the amount is sufficient to remunerate the service also in the case of the non-achievement of the financial and non-financial performance targets upon which the variable remuneration component is based, and therefore - among other issues - encourages the undertaking of conduct in line with the strategy of the Company. The fixed component for Senior Executives, harmonised in the different international companies, in any case, remains commensurate at the individual level with: (a) each Executive's responsibility and level of contribution to the business and (b) the individual strategic skills;
- a *short-term variable component*;
- a *medium/long-term variable component*;
- *fringe benefits*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations in force in the individual states.

For a description of the short-term variable component for Senior Executives, reference should be made to Section I, Chapter 3, Paragraph 3.3 (ii) of the Report.

For a description of the medium/long-term component for Senior Executives, to be granted in execution of the 2022-2026 Performance Shares Plan, reference should be made Section I, Chapter 3, Paragraph 3.3.4 of this Report.

#### (iv) Senior Managers

The Senior Managers Remuneration Policy is based on the position and responsibilities held in the Group in order to achieve sustainable earnings and the creation of medium/long term value for the shareholders.

The company therefore adopted a policy to achieve these targets also through the implementation of a variable remuneration system, with a strong attraction and retention function, in line with the need for growth and internal development within the Company and the Group.

The remuneration of Senior Managers is composed of:

- a *fixed component*: the amount is sufficient to remunerate the service also in the case of the non-achievement of the performance targets upon which the variable remuneration component is based, and therefore - among other issues - encourages the undertaking of conduct in line with the strategy of the Company. The fixed component of Senior Managers, under harmonisation in the different international companies, in any case, remains commensurate at the individual level with: (a) the responsibility and the level of contribution to the business by each and (b) the individual strategic skills;
- a *short-term variable component*;
- a *medium/long-term variable component*;
- *fringe benefits*: fringe benefits provide for the provisions of goods and/or services in line with market practice and applicable regulations in force in the individual states.

For a description on the short-term variable component of Senior Managers, reference should be made to Section I, Chapter 3, Paragraph 3.3 (ii) of this Report.

A description of the medium-long term variable component for Senior Managers, to be allocated as part of the 2022-2026 Performance Shares Plan, can be found in Section I, Chapter 3, Paragraph 3.4 of this Report.

#### (v) Honorary Chairperson

The Honorary Chairperson receives an annual remuneration set by the Board of Directors, in addition to the reimbursement of expenses incurred.

On February 13, 2023, on the proposal of the Remuneration Committee and subject to the non-binding favourable opinion of the Control, Risks and Related Parties Committee, the Board of Directors resolved to grant the Honorary Chairperson a gross annual remuneration of Euro 150,000 for 2023.

### 3.3 LINK BETWEEN FIXED AND VARIABLE COMPONENTS OF REMUNERATION

#### (i) Executive Directors

Chief Executive Officer Massimo Candela

The gross annual overall remuneration of the Chief Executive Officer is established as follows.

MEMBER	DESCRIPTION OF THE GROUP TARGETS AND APPLICABLE CLAUSES
Fixed component	Annual fixed component (the <b>CEO Annual Fixed Component</b> )
Short-term variable component	<p>Short-term variable component of a base amount equal to 50% of the CEO Annual Fixed Component and of a maximum amount equal to 85% of the CEO Annual Fixed Component (the <b>CEO Short-term Variable Component</b>) linked to the achievement of the quantitative targets and qualitative targets described below.</p> <p>- <b>Quantitative targets:</b> 70% of the CEO Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the annual consolidated budget of the Group approved by the Board of Directors (as amended or reviewed). In particular:</p> <ul style="list-style-type: none"> <li>(i) 70% linked to the achievement of the consolidated EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (with a corresponding short-term variable remuneration respectively from 4.90% to 49.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li> <li>(ii) 30% linked to the achievement of the consolidated NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to 21.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.</li> </ul> <p>The pay-out curve is set between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p> <p>- <b>Qualitative targets:</b> 30% of the CEO Short-term Variable Component (the <b>CEO Qualitative Component</b>) is issuable subject to the achievement of the following qualitative target (defined for 2023):</p> <ul style="list-style-type: none"> <li>(i) defined detailed plan for 50% reduction in carbon dioxide emissions, and 20% reduction in water withdrawals by 2027, for Group's European production companies (relative weighting 50%);</li> <li>(ii) scouting activities for potential M&amp;A transactions (relative weighting 50%)</li> </ul> <p>(collectively, the <b>Short-term CEO Qualitative Targets</b>).</p> <p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> <li>• where the minimum of one of the two quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 50%;</li> <li>• where the minimum of both quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 75%;</li> </ul>



	<ul style="list-style-type: none"> <li>- <b>Allocation:</b> following approval of the 2023 consolidated financial statements, with the passing of a Board of Directors' motion, having consulted the Remuneration Committee and the Board of Statutory Auditors.  The Chief Executive Officer, in advance of the date set for the approval of the 2023 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the achievement of the Short-term CEO Qualitative Targets, deciding upon the allocation of the CEO Qualitative Component.</li> </ul>
<p><b>Medium/long-term variable component</b></p>	<ul style="list-style-type: none"> <li>- <b>Clawback clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the targets.</li> </ul> <p>With reference to the medium/long-term variable component, the Company's Remuneration Policy provides that the Chief Executive Officer is a beneficiary of the 2022-2026 Performance Shares Plan.<sup>2</sup></p> <p>Therefore, the medium/long-term variable component, of a base amount aggregated for the entire 2022-2026 Performance Shares Plan, equal to approx. 110% and a maximum of approx. 180%<sup>3</sup> of the CEO Annual Fixed Component (the "<b>CEO Medium/Long-term Variable Component</b>"), is linked to achieving the quantitative targets and the qualitative targets described in the 2022-2026 Performance Shares Plan, with specific reference to the Chief Executive Officer and as reported below.</p> <ul style="list-style-type: none"> <li>- <b>Quantitative target:</b> 70% of shares will be allocated on the achievement of the Group's average ROI for each three-year vesting period (2022-2024, 2023-2025, 2024-2026) as per the Group's business plan. Specifically: <ul style="list-style-type: none"> <li>(i) where the performance is below 90.00% of the target, no shares relating to the quantitative target shall be allocated;</li> <li>(ii) where the performance is between 90.00% and 92.50% - lower range included - of the target, 20% of the shares in relation to the quantitative target shall be allocated;</li> <li>(iii) where the performance is between 92.50% and 95.00% - lower range included - of the target, 40% of the shares in relation to the quantitative target shall be allocated;</li> <li>(iv) where the performance is between 95.00% and 97.50% - lower range included - of the target, 60% of the shares in relation to the quantitative target shall be allocated;</li> <li>(v) where the performance is between 97.50% and 99.50% - lower range included - of the target, 80% of the shares in relation to the quantitative target shall be allocated;</li> <li>(vi) where the performance is between 99.50% and 100.50% - lower range included - of the target, 100% of the shares in relation to the quantitative target shall be allocated;</li> <li>(vii) where the performance is between 100.50% and 102.50% - lower range included - of the target, 120% of the shares in relation to the quantitative target shall be allocated;</li> </ul> </li> </ul>

<sup>2</sup> For more information on the 2022-2026 Performance Shares Plan, reference should be made to Section I, Chapter 3, Paragraph 3.4 of this Report.

<sup>3</sup> Calculated on the basis of a share value of Euro 7.00 per share and assuming that in the third cycle of the plan, the same number of shares will be allocated as in the previous two cycles.

	<p>(viii) where the performance is between 102.50% and 105.00% - lower range included - of the target, 140% of the shares in relation to the quantitative target shall be allocated;</p> <p>(ix) where the performance is between 105.00% and 107.50% - lower range included - of the target, 160% of the shares in relation to the quantitative target shall be allocated;</p> <p>(x) where the performance is between 107.50% and 110.00% - lower range included - of the target, 180% of the shares in relation to the quantitative target shall be allocated;</p> <p>(xi) where the performance is equal to or above 110% of the target, 200% of the shares in relation to the quantitative target shall be allocated.</p>
	<ul style="list-style-type: none"> <li>- <b>Qualitative target:</b> 30% of the Variable Medium-Long Term CEO Component (the "<b>CEO Medium/Long-term Qualitative Variable Component</b>") payable on condition that in the three-year vesting period at least 80% of the targets set out for the vesting period in the Sustainability Plan are implemented (the "<b>Medium/Long-term Term CEO Target</b>").</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Allocation:</b> after approval of the consolidated financial statements for the last financial year of each three-year vesting period (i.e., consolidated financial statements at December 31, 2024 for the 2022-2024 cycle, consolidated financial statements at December 31, 2025 for the 2023-2025 cycle and consolidated financial statements at December 31, 2026 for the 2024-2026 cycle), following a Board of Directors' motion, after consultation with the Remuneration Committee and the Board of Statutory Auditors.  The Chief Executive Officer, before the approval of the consolidated financial statements for the last year of each three-year vesting period as described above, shall present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the CEO Medium/Long-term Qualitative Variable Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the achievement of the CEO Medium/Long-term Qualitative Targets, deciding upon the allocation of the CEO Medium/Long-term Qualitative Variable Component.</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Clawback clause:</b> the Company reserves the unilateral right to obtain the return of the shares received by the Chief Executive Officer in the event of a violation of company or legal regulations or wilful or grossly negligent conduct designed to alter the data used to measure achievement of the targets.</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Holding period:</b> the Chief Executive Officer is required to hold for 24 (twenty-four) months all the shares allocated (net of any shares sold in order to comply with tax obligations through the "sell to cover" method).</li> </ul>

Executive Director Luca Pelosin

The gross annual overall remuneration of the Executive Director Luca Pelosin is established as follows.

MEMBER	DESCRIPTION OF THE GROUP TARGETS AND APPLICABLE CLAUSES
Fixed component	Fixed annual component (the <b>ED Fixed Annual Component</b> ).
Short-term variable component	Short-term variable component of a base amount equal to 50% of the ED Annual Fixed Component and of a maximum amount of approx. 85% of the ED Annual Fixed Component (the <b>ED Short-term Variable Component</b> ) linked

	<p>to the achievement of the quantitative targets and qualitative targets described below.</p> <ul style="list-style-type: none"> <li>- <b>Quantitative targets:</b> 70% of the ED Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the annual consolidated budget of the Group approved by the Board of Directors (as amended or reviewed). In particular: <ul style="list-style-type: none"> <li>(i) 70% linked to the achievement of the consolidated EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (corresponding to the issue of a short-term variable remuneration respectively from 4.90% to 49.00% of the ED Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li> <li>(ii) 30% linked to the achievement of the consolidated NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to 21.00% of the ED Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.</li> </ul> <p>The pay-out curve is set between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p> </li> <li>- <b>Qualitative targets:</b> 30% of the ED Short-term Variable Component (the <b>ED Qualitative Component</b>) is issuable subject to the achievement of the following qualitative targets (defined in 2023) <ul style="list-style-type: none"> <li>(i) defined detailed plan for 50% reduction in carbon dioxide emissions, and 20% reduction in water withdrawals by 2027, for Group's European production companies (relative weighting 50%);</li> <li>(ii) reorganisation of U.S. subsidiary Dixon Ticonderoga Company, together with timely implementation of Governance Model (relative weighting 50%)</li> </ul> <p>(collectively, the <b>ED Short-term Qualitative Targets</b>).</p> <p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> <li>• where the minimum of one of the two quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 50%;</li> <li>• where the minimum of both quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 75%;</li> </ul> </li> <li>- <b>Allocation:</b> following approval of the 2023 consolidated financial statements, with the passing of a Board of Directors' motion, having consulted the Remuneration Committee and the Board of Statutory Auditors. <p>The Executive Director, in advance of the date set for the approval of the 2023 consolidated financial statements, should present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Qualitative Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the achievement of the ED Short-term Qualitative Targets, deciding upon the allocation of the ED Qualitative Component.</p> </li> </ul>
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	<ul style="list-style-type: none"> <li>- <b>Clawback clause:</b> obligation for the repayment to the Company of the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the targets.</li> </ul>
<p><b>Medium/long-term variable component</b></p>	<p>With reference to the medium/long-term variable component, the Company's Remuneration Policy provides that the Executive Director is the beneficiary of the 2022-2026 Performance Shares Plan.<sup>4</sup></p> <p>Therefore, the medium/long-term variable component, of a base amount aggregated for the entire 2022-2026 Performance Shares Plan, equal to approx. 110% and a maximum of approx. 180%<sup>5</sup> of the CEO Annual Fixed Component (the "<b>CEO Medium/Long-term Variable Component</b>"), is linked to achieving the quantitative targets and the qualitative targets described in the 2022-2026 Performance Shares Plan, with specific reference to the Chief Executive Officer and as reported below.</p> <ul style="list-style-type: none"> <li>- <b>Quantitative target:</b> 70% of shares will be allocated on the achievement of the Group's average ROI for each three-year vesting period (2022-2024, 2023-2025, 2024-2026) as per the Group's business plan. Specifically: <ul style="list-style-type: none"> <li>(i) where the performance is below 90.00% of the target, no shares relating to the quantitative target shall be allocated;</li> <li>(ii) where the performance is between 90.00% and 92.50% - lower range included - of the target, 20% of the shares in relation to the quantitative target shall be allocated;</li> <li>(iii) where the performance is between 92.50% and 95.00% - lower range included - of the target, 40% of the shares in relation to the quantitative target shall be allocated;</li> <li>(iv) where the performance is between 95.00% and 97.50% - lower range included - of the target, 60% of the shares in relation to the quantitative target shall be allocated;</li> <li>(v) where the performance is between 97.50% and 99.50% - lower range included - of the target, 80% of the shares in relation to the quantitative target shall be allocated;</li> <li>(vi) where the performance is between 99.50% and 100.50% - lower range included - of the target, 100% of the shares in relation to the quantitative target shall be allocated;</li> <li>(vii) where the performance is between 100.50% and 102.50% - lower range included - of the target, 120% of the shares in relation to the quantitative target shall be allocated;</li> <li>(viii) where the performance is between 102.50% and 105.00% - lower range included - of the target, 140% of the shares in relation to the quantitative target shall be allocated;</li> <li>(ix) where the performance is between 105.00% and 107.50% - lower range included - of the target, 160% of the shares in relation to the quantitative target shall be allocated;</li> <li>(x) where the performance is between 107.50% and 110.00% - lower range included - of the target, 180% of the shares in relation to the quantitative target shall be allocated;</li> <li>(xi) where the performance is equal to or above 110% of the target, 200% of the shares in relation to the quantitative target shall be allocated.</li> </ul> </li> </ul>

<sup>4</sup> For more information on the 2022-2026 Performance Shares Plan, reference should be made to Section I, Chapter 3, Paragraph 3.4 of this Report.

<sup>5</sup> Calculated on the basis of a share value of Euro 7.00 per share and assuming that in the third cycle of the plan, the same number of shares will be allocated as in the previous two cycles.

	<ul style="list-style-type: none"> <li>- <b>Qualitative target:</b> 30% of the ED Medium/Long-term Variable Component (the "ED Medium/Long-term Qualitative Variable Component") payable on condition that in the three-year vesting period at least 80% of the targets set out for the vesting period in the Sustainability Plan are implemented (the "ED Medium/Long-term Qualitative Target").</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Allocation:</b> after approval of the consolidated financial statements for the last financial year of each three-year vesting period (i.e., consolidated financial statements at December 31, 2024 for the 2022-2024 cycle, consolidated financial statements at December 31, 2025 for the 2023-2025 cycle and consolidated financial statements at December 31, 2026 for the 2024-2026 cycle), following a Board of Directors' motion, after consultation with the Remuneration Committee and the Board of Statutory Auditors.  The Executive Director, before the approval of the consolidated financial statements for the last year of each three-year vesting period as described above, shall present to the Remuneration Committee and the Board of Directors a report on the state of implementation of the activities whose completion constitutes a condition for the issue of the ED Medium/Long-term Qualitative Variable Component. On the basis of this report, the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, will verify the achievement of the ED Medium/Long-term Qualitative Targets, deciding upon the allocation of the ED Medium/Long-term Qualitative Variable Component.</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Clawback clause:</b> the Company reserves the unilateral right to obtain the return of the shares received by the Executive Director in the event of a violation of company or legal regulations or wilful or grossly negligent conduct designed to alter the data used to measure achievement of the targets.</li> </ul>
	<ul style="list-style-type: none"> <li>- <b>Holding period:</b> the Executive Director is required to hold for 24 (twenty-four) months all the shares allocated (net of any shares sold in order to comply with tax obligations through the "sell to cover" method).</li> </ul>

### ***Common application provisions***

The criteria for the normalisation of EBITDA and the NFP are described at Annex A of the present Report. The calculation of the EBITDA and the NFP will be based on a like-for-like consolidation scope (without including therefore the EBITDA and NFP of the companies acquired and/or disposed of and/or merged and/or incorporated and not considered in the Group business plan), normalising (i) in the calculation of the NFP also non-recurring charges incurred during the year and (ii) in the calculation of the EBITDA the value of the bonus, both in the budget and actual figures, for the verification of the achievement of the quantitative targets of this component of the Executive Directors as well as the Senior Executives and Senior Managers.

The fixing of the exchange rate to the budget is also envisaged, to be used for the consolidation of economic and financial objectives applicable to the variable remuneration linked to the achievement of both short-term and long-term objectives

Where one or more of the Relevant Events occurs, the Board of Directors - also on the proposal on the Remuneration Committee - shall make the amendments and supplementations considered necessary and appropriate to neutralise the effects of the Relevant Events to the objectives and/or governance of the remuneration plans of the Executive Directors, and maintain therefore as far as possible the substantial content of the plan and the concrete opportunity to achieve the bonuses therein unchanged.

## (ii) Senior Executives and Senior Managers

The variable remuneration of Senior Executives and Senior Managers is composed of a short-term variable component and a medium/long term variable component, as detailed below.

### Senior Executives (SEs) and Senior Managers (SMs) - Short-term variable component

The short-term variable component of Senior Executives and Senior Managers depends on the level of contribution to the Company's consolidated results by the companies included in the scope of reference and/or by the level of challenges managed in relation to the relevant business area or the Group in general.

On this basis, for the purposes of calculating the short-term variable component, Senior Executives and Senior Managers are divided into responsibility functions as follows:

- SEs - Country Chief Executive Officer (CEO) and Chief Financial Officer (CFO);
- Other SEs;
- SM - in the role of Country CEO, Officer and Executive Vice-Chairperson (EVC);
- SM - in the role of Group Vice-Chairperson (GVC) Vice-Chairperson (VP).

The principles and procedures for the establishment of the short-term variable component of Senior Executives is shown below.

	SEs - COUNTRY CEO AND CFO	OTHER SE
<b>Short-term variable component</b>	Short-term variable component of a maximum amount equal to 85% of the Annual Fixed Component (the <b>Country SE Short-term Variable Component</b> ) linked to the achievement of the quantitative targets and qualitative targets described below.	Short-term variable component of a maximum amount equal to 75% of the Annual Fixed Component (the <b>Other SE Short-term Variable Component</b> ) linked to the achievement of the quantitative targets and qualitative targets described below.
<b>Quantitative targets</b>	<p>70% of the Country SE Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the regions and/or of the local entity annual budget. In particular:</p> <ul style="list-style-type: none"> <li>○ 70% linked to the achievement of the EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (with a corresponding short-term variable remuneration respectively from 4.90% to 49.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li> <li>○ 30% linked to the achievement of the NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 2.10% to 21.00% of the Annual Fixed Component).</li> </ul>	<p>50% of the Other SE Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the regions and/or of the local entity annual budget or of the Group. In particular:</p> <ul style="list-style-type: none"> <li>○ 70% linked to the achievement of the EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (with a corresponding short-term variable remuneration respectively from 2.45% to 35.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets; and</li> <li>○ 30% linked to the achievement of the NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 1.05% to 15.00% of the Annual Fixed Component).</li> </ul>

	Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.	Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.
	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget.	The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget or of the Group.
	The pay-out curve is set between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.	
<b>Qualitative targets</b>	30% of the Country SE Short-term Variable Component is issuable subject to the achievement of the qualitative targets which depend on the specific characteristics of the role.	50% of the Other SE Short-term Variable Component is issuable subject to the achievement of the qualitative targets which depend on the specific characteristics of the role.
	With reference to the pay-out curve, it is envisaged that: <ul style="list-style-type: none"> <li>o where the minimum of one of the two quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 50%;</li> <li>o where the minimum of both quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 75%;</li> </ul>	
<b>Clawback clause</b>	The Senior Executives have the obligation to repay to the Company the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the targets.	

The principles and procedures for the establishment of the short-term variable component of Senior Managers is shown below.

	<b>SM - WITH ROLE OF CEO OF COUNTRY - OFFICER - EVC</b>	<b>SM WITH ROLE OF GVC AND VC</b>
<b>Short-term variable component</b>	Short-term variable component of a maximum amount equal to 68% of the Country SM Annual Fixed Component (the <b>Country SM Short-term Variable Component</b> ) linked to the achievement of the quantitative targets and qualitative targets described below.	Short-term variable component of a maximum amount equal to 50% of the Other SM Annual Fixed Component (the <b>Other SM Short-term Variable Component</b> ) linked to the achievement of the quantitative targets and qualitative targets described below.
<b>Quantitative targets</b>	70% of the Country SM Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the local entity annual budget. In particular: <ul style="list-style-type: none"> <li>o 70% linked to the achievement of the EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (with a corresponding short-term variable remuneration respectively from 1.72% to 39.20% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the</li> </ul>	50% of the Other SM Short-term Variable Component is issuable on the meeting of the EBITDA and NFP targets established by the regions and/or of the local entity annual budget or of the Group. In particular: <ul style="list-style-type: none"> <li>o 70% linked to the achievement of the EBITDA targets on the basis of a performance scale with a variable range from a minimum -10% to a maximum of +10% (with a corresponding short-term variable remuneration respectively from 1.31% to 21.00% of the CEO Annual Fixed Component). Within this range, the amount of the variable component linked to EBITDA will be based according to the pre-set brackets</li> </ul>

	<p>pre-set brackets based on a performance scale with a variable range; and</p> <ul style="list-style-type: none"> <li>30% linked to the achievement of the NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 0.74% to 16.80% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.</li> </ul>	<p>based on a performance scale with a variable range; and</p> <ul style="list-style-type: none"> <li>30% linked to the achievement of the NFP targets on the basis of a performance scale with a variable range from a minimum of -10% to a maximum of Euro +10% (corresponding to the issue of a variable remuneration respectively from 0.56% to 9.00% of the Annual Fixed Component). Within this range, the amount of the variable component linked to NFP will be based according to the pre-set brackets.</li> </ul>
	<p>The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget.</p>	<p>The performance curve is set as between a minimum of 90% and a maximum of 110% of the EBITDA and of the NFP of the region and/or local entity annual budget or of the Group.</p>
	<p>The pay-out curve is set between a minimum of 20% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 200% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p>	<p>The pay-out curve is set between a minimum of 50% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is higher than the minimum threshold of 90% envisaged by the performance scale, and a maximum of 150% of the target bonus linked to EBITDA and NFP, where the final balance of quantitative targets is equal to or higher than the maximum threshold of 110% envisaged by the performance scale.</p>
<b>Qualitative targets</b>	<p>30% of the Country SM Short-term Variable Component is issuable subject to the achievement of the qualitative targets which depend on the specific characteristics of the role.</p>	<p>50% of the Other SM Short-term Variable Component is issuable subject to the achievement of the qualitative targets which depend on the specific characteristics of the role.</p>
	<p>With reference to the pay-out curve, it is envisaged that:</p> <ul style="list-style-type: none"> <li>where the minimum of one of the two quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 50%;</li> <li>where the minimum of both quantitative targets is not achieved, the target bonus linked to qualitative targets is reduced by 75%;</li> </ul>	
<b>Clawback clause</b>	<p>The Senior Managers have the obligation to repay to the Company the variable remuneration components in the case of material violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the targets.</p>	

*Senior Executives and Senior Managers- Medium/ long term variable component*

The Remuneration Policy of the Company provides that the medium/long-term variable component for Senior Executives and Senior Managers is established in accordance with the targets and principles outlined in the 2022-2026 Performance Shares Plan.

For more information on the 2022-2026 Performance Shares Plan, reference should be made to Section I, Chapter 3, Paragraph 3.4 of this Report.



### 3.4 2022-2026 PERFORMANCE SHARES PLAN

Upon the proposal of the Board of Directors, the 2022-2026 Performance Shares Plan was approved at the Shareholders' Meeting on April 27, 2022, replacing the 2019-2021 Performance Shares Plan, which naturally expired on December 31, 2021.

This represents a medium/long-term incentive system based on the free allocation of Company shares and subject to the achievement of specific performance targets, in addition to continued employment with the Group.

Specifically, the 2022-2026 Performance Shares Plan consists of 3 (three) annual share grants ("rolling" plan), each of which corresponds to a three-year performance period (2022-2024, 2023-2025, 2024-2026); for each grant, shares may be allocated to the beneficiaries after 3 (three) years (three-year vesting period) to an extent linked to the results achieved by them in the amounts as well as according to the terms and conditions set out in the 2022-2026 PSP regulations.

Specifically, except as described below, the free allocation of shares is linked to the fulfilment of the following conditions: (i) maintenance, as of the allocation date, of (a) the employment and/or directorship relationship existing between the individual beneficiary and the relevant company of the Group and (b) the status of beneficiary of the 2022-2026 PSP by reason of the role held; and (ii) the achievement of the minimum performance targets valid for each grant cycle of the 2022-2026 Performance Shares Plan linked (a) partly to the achievement of industrial performance targets and (b) partly to the achievement of the qualitative target, calculated for all the beneficiaries of the 2022-2026 Performance Shares Plan with reference to the Group's perimeter<sup>6</sup>.

The 2022-2026 Performance Shares Plan makes it possible to:

- link remuneration with the medium/long-term enterprise performance, in order to further align managerial strategy with the interests of the shareholders, ensuring conduct orientated towards sustainable success and the achievement of the industrial and business objectives defined;
- reward the achievement of the Group's business plan targets for each three-year vesting period;
- increase the Company and the Group's capacity to attract and retain key and strategic personnel for the implementation of the company development plan.

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<sup>6</sup> With reference to (i) one SE and Senior Manager beneficiaries of the 2022-2026 Performance Shares Plan for the first cycle (2022-2024); and (ii) one SE and 11 Senior Manager beneficiaries of the 2022-2026 Performance Shares Plan for the second cycle (2023-2025), the 2022-2026 Performance Shares Plan provides that the quantitative component, linked to the achievement of average ROI targets, is calculated by taking into account only the scope of North America (Canada and the United States) and not of the entire Group.

The guidelines of the 2022-2026 Performance Shares Plan are outlined below.

2022-2026 PERFORMANCE SHARES Plan		
1.	<b>Beneficiaries:</b>  - <b>First cycle (2022-2024)</b>  - <b>Second cycle (2023-2025)</b>	Executive Directors (2), Senior Executives (5) and Senior Managers (36).  Executive Directors (2), Senior Executives (5) and Senior Managers (38).
2.	<b>Targets</b>	The allocation of shares to each beneficiary is linked to achieving the quantitative targets and qualitative targets described below.
3.	<b>Quantitative target</b>	70% of the shares will be allocated based on the Group's average ROI <sup>(7)</sup> for each three-year vesting period, as set out in the Group's business plan in place during those periods; and Specifically:  (i) where the performance is below 90.00% of the target, no shares relating to the quantitative target shall be allocated;  (ii) where the performance is between 90.00% and 92.50% - lower range included - of the target, 20% of the shares in relation to the quantitative target shall be allocated;  (iii) where the performance is between 92.50% and 95.00% - lower range included - of the target, 40% of the shares in relation to the quantitative target shall be allocated;  (iv) where the performance is between 95.00% and 97.50% - lower range included - of the target, 60% of the shares in relation to the quantitative target shall be allocated;  (v) where the performance is between 97.50% and 99.50% - lower range included - of the target, 80% of the shares in relation to the quantitative target shall be allocated;  (vi) where the performance is between 99.50% and 100.50% - lower range included - of the target, 100% of the shares in relation to the quantitative target shall be allocated;  (vii) where the performance is between 100.50% and 102.50% - lower range included - of the target, 120% of the shares in relation to the quantitative target shall be allocated;  (viii) where the performance is between 102.50% and 105.00% - lower range included - of the target, 140% of the shares in relation to the quantitative target shall be allocated;  (ix) where the performance is between 105.00% and 107.50% - lower range included - of the target, 160% of the shares in relation to the quantitative target shall be allocated;  (x) where the performance is between 107.50% and 110.00% - lower range included - of the target, 180% of the shares in relation to the quantitative target shall be allocated;  (xi) where the performance is equal to or above 110% of the target, 200% of the shares in relation to the quantitative target shall be allocated.
4.	<b>Qualitative target</b>	30% of the shares will be allocated on achievement of the Group's qualitative target, consisting of the implementation of at least 80% of the

<sup>(7)</sup> With reference to (i) one SE and nine Senior Manager beneficiaries of the 2022-2026 Performance Shares Plan for the first cycle (2022-2024); and (ii) one SE and 11 Senior Manager beneficiaries of the 2022-2026 Performance Shares Plan for the second cycle (2023-2025), the 2022-2026 Performance Shares Plan provides that the quantitative component, linked to the achievement of average ROI targets, is calculated by taking into account only the scope of North America (Canada and the United States) and not of the entire Group.

		targets envisaged for each three-year vesting period in the Sustainability Plan.
5.	<b>Vesting period of the results</b>	The 2022-2026 Performance Shares Plan consists of 3 (three) annual share grants ("rolling" plan), each of which corresponds to a three-year performance period (January 1, 2022 - December 31, 2024 for the 2022-2024 cycle, January 1, 2023 - December 31, 2025 for the 2023-2025 cycle and January 1, 2024 - December 31, 2026 for the 2024 -2026 cycle).
6.	<b>Conditions for the allocation of the shares</b>	(i) Existence of the beneficiary's employment and/or administrative relationship with the Company or with the companies of the Group at the time of payment of the bonus (except in the case of the so-called "good leaver") and maintenance by the individual beneficiary, with reference to the role held, of his or her status as beneficiary within the Group;  (ii) achievement of the targets as per points 3 and 4.
7.	<b>Maturation of the right to receive the shares</b>	At the end of each three-year vesting period set out in Section 5 above.
8.	<b>Allocation of the shares</b>	At the end of each three-year vesting period, subsequent to the measurement period set out in Section 5 above, within 60 (sixty) days of the approval of the financial statements for the last year of each three-year vesting period.
9.	<b>Holding Period</b>	There is an obligation for all beneficiaries to maintain for 24 (twenty-four) months all the shares allocated, net of any shares sold in order to meet tax obligations through the sell to cover method.
10.	<b>Clawback clause</b>	Obligation for the repayment to the Company of the variable remuneration components in the case of violation of company or legal rules, or harmful or seriously damaging conduct such as to alter the data utilised for the achievement of the targets.

For further information on the 2022-2026 Performance Shares Plan reference should be made to the Prospectus prepared in accordance with Article 84-*bis* and Schedule 7 of Attachment 3A of the Issuers' Regulation and of the relative Explanatory Report prepared in accordance with Articles 114-*bis* and 125-*ter* of the CFA, both made available to the public in accordance with the terms and conditions required by applicable legislation.

#### 4. POLICY UPON NON-MONETARY BENEFITS (FRINGE BENEFITS)

Non-Executive Directors and members of the Board of Statutory Auditors are not assigned non-monetary benefits, with the exception of insurance coverage for liability arising from the exercise of office.

The remuneration package of the Chairperson of the Board of Directors consists, in terms of non-monetary benefits, of the right to a company car for mixed use.

The remuneration package of the Honorary Chairperson comprises, with regard to non-monetary benefits, insurance coverage for liability arising from the exercise of office, insurance coverage in the case of death or injury.

The remuneration package of the Executive Directors comprises, with regard to the non-monetary benefits, D&O insurance coverage, insurance coverage in the case of death or accident, a health policy and the assignment of a company car.

The recognition of non-monetary benefits to Senior Executives and Senior Managers is in line with market practice and applicable regulations.

## **5. POLICY RELATING TO TREATMENTS ESTABLISHED IN THE EVENT OF TERMINATION OF OFFICE OR EMPLOYMENT**

Without prejudice to the provisions of the preceding Paragraph 3.3 of the Report regarding payment of the medium-long term variable component, as a rule, no treatment is provided for in the event of termination of office or termination of employment, except for those provided for by locally applicable regulations or defined by specific employment contracts.

The Company may stipulate - and occasionally has - non-compete agreements with Senior Executives and Senior Managers.

No agreements have been undertaken between the Company and Directors which provide for benefits on conclusion of office following a public tender offer.

The Company intends to enter into agreements with Executive Directors that regulate ex ante the financial aspects regarding early termination of employment at the initiative of the Company or the individual upon the occurrence of certain events, based on criteria that will be in line with the relevant benchmarks, without prejudice to its statutory obligations.

## **6. INSURANCE, SOCIAL SECURITY AND PENSION COVERAGE**

For further information concerning insurance, social security and pension coverage, reference should be made to Section I, Chapter 4 of this Report.

## **7. FORMS OF EXTRAORDINARY REMUNERATION**

The competent corporate bodies may assess and approve monetary disbursements, by means of bonuses and one-off payments of a discretionary nature, linked to corporate transactions of particular strategic significance (for example, the completion of M&A, extraordinary finance and reorganisation transactions of major importance for the Company and/or the Group) and/or to exceptional performances relating to the achievement of targets that have a significant and positive impact on the economic, equity, financial and/or income situation of the Company and/or the Group and which are not already included in the variable components of short- and medium/long-term remuneration.

Such disbursements may only be provided to those persons covered in this Report.

In the event of extraordinary remuneration pursuant to this Paragraph 7, the provisions of the Consob RPT Regulation and the RPT Policy on "related party transactions" shall apply.

## 8. EXCEPTIONS TO THE REMUNERATION POLICY

Pursuant to Article 123-ter, paragraph 3-bis, of the CFA, the Company grants compensation only in accordance with the Remuneration Policy. However, the competent corporate bodies may consider and approve the payment of compensation involving temporary departures from the Remuneration Policy, provided that:

- (i) according to the judgement of the competent corporate bodies, exceptional circumstances exist pursuant to Article 123-ter of the CFA, i.e. situations in which a departure from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to compete on the market. Exceptional circumstances may include, by way of example: (a) disposal, acquisition, merger, demerger, corporate reorganisation and/or other corporate transactions that entail significant changes in the scope of the Company and/or the Group's activities; (b) changes to the organisational, managerial and administrative structure of the Company and/or the Group that have an impact on the Company and/or the Group's economic and financial results and on the creation of value in the long term; (c) actions and/or initiatives aimed at attracting, retaining or replacing resources that are strategic for the Company and/or the Group as well as at ensuring that the achievement of individual or collective results that are particularly significant and positive for the Company and/or the Group is adequately valued; and
- (ii) the waiver relates to the introduction, amendment/revision, or elimination of the following remuneration items: (a) the qualitative and/or quantitative performance targets of the short or long-term variable remuneration plans; (b) the means, timeframes and/or procedures for assessing the relative levels of achievement of the qualitative and/or quantitative performance targets of the short or long-term variable remuneration plans; (c) the performance and/or payout curves; (d) the type of financial instruments to be granted and/or the amounts to be allocated to the beneficiaries of short or long term variable remuneration and the duration of the relative vesting period; (e) lock up, clawback and *malus* clauses; (f) entry bonuses aimed at favouring the entry/hiring of new key resources (such as, for example, recognition of short/medium-term incentives, etc.); (g) retention bonuses linked to the commitment to maintain the employment relationship with the Company for a specific period; (h) severance pay or other compensation in relation to the termination of the employment relationship or office.

In the event of exceptions to the Remuneration Policy pursuant to this Paragraph 8, the provisions of the Consob RPT Regulation and the RPT Policy on "related party transactions" shall apply.

## SECTION II

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### 1. PART I - ITEMS COMPRISING REMUNERATION FOR 2022

In the first part of Section II of this Report, an adequate outline of each of the items comprising the remuneration paid to Directors and to Statutory Auditors of the Company is provided.

In 2022, compensation was paid pursuant to the principles, goals and objectives set out in the 2022 Remuneration Policy.

Specifically, remuneration was allocated in such a way as to ensure an overall remuneration structure in line with the needs of the Company and the Group, also in the light of the uncertainties linked to the ongoing COVID-19 pandemic in the countries in which the Group operates, inflationary pressures and the ongoing war between Russia and Ukraine.

Moreover, the allocation of remuneration pursues the long-term interests and the sustainability of the Company and the Group's business and performance, as outlined in the Remuneration Policy 2022. It responds positively to the need to attract, retain and motivate staff with high professionalism, and focuses particular attention on positions considered key to the development and management of the business, enhancing the performance achieved and recognising the quality and effectiveness of the individual contribution.

Similarly, the objectives of aligning the interests of the Company's management with the pursuit of the priority objective of creating sustainable value for Fila's shareholders and other stakeholders in the medium-long term, through a weighted compensation determination process, are considered to have been achieved, with particular reference to (i) the deployment of the Group's integrated strategic plan for the period 2021-2025 and the Group's sustainability plan for the period 2021-2025 approved by the Board of Directors; (ii) the holding of meetings of the Sustainability Management Committee; (iii) the implementation of the enterprise resource planning management system (SAP) at certain Group companies, the adaptation of the Group's IT infrastructure and the review of the Group's software systems; (iv) the constant monitoring of compliance with the Group's cash generation targets; and (v) the constant monitoring of the performance of the Group's sustainability indices and the preparation of the Group's Non-Financial Statement with the characteristics of the sustainability report.

#### 1.1 BOARD OF DIRECTORS

The Shareholders' Meeting of April 27, 2021, upon renewal of the Board of Directors approved the remuneration to be assigned to the Board of Directors for the entire duration of its mandate (i.e. until the approval of the 2023 financial statements), amounting to an annual total of Euro 270,000. On the same date, the Board of Directors approved the apportionment of the total annual remuneration as follows: (i) a gross annual fee of Euro 25,000 to each Director (excluding the Chairperson of the Board of Directors) and (ii) a gross annual fee of Euro 120,000 to the Chairperson of the Board of Directors.

In addition, the Board of Directors' meeting of May 14, 2021 resolved, on the recommendation of the Remuneration Committee, to award:

- (i) a gross annual fee of Euro 7,500 to each member of the Control, Risks and Related Parties Committee (excluding the Chairperson) and a gross annual fee of Euro 20,000 to the Chairperson, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with Article 2389 of the Civil Code; and
- (ii) a gross annual fee of Euro 6,000 to each member of the Remuneration Committee (excluding the Chairperson) and a gross annual fee of Euro 12,000 to the Chairperson, subject to the favourable opinion of the Board of Statutory Auditors and in accordance with Article 2389 of the Civil Code.

Lastly, the Board of Directors' motion of February 11, 2022 resolved, on the proposal of the Remuneration Committee and subject to the non-binding opinion of the Control, Risks and Related Parties Committee, to award the Honorary Chairperson annual gross remuneration for the fiscal year 2022, in the amount of Euro 190,000, thus awarding the Chairperson an increase of Euro 20,000 over the remuneration paid in 2021. Subsequently, however, the Honorary Chairperson informed the Company of his intention to waive the increase awarded; as a result of this waiver, the Honorary Chairperson received gross annual remuneration of Euro 170,000 for 2022.

## 1.2 EXECUTIVE DIRECTORS

On March 22, 2022, the Board of Directors resolved, on the proposal of the Remuneration Committee, with prior favourable opinion of the Control, Risks and Related Parties Committee and the Board of Statutory Auditors, and in line with the 2022 Remuneration Policy, to allocate (i) a gross annual emolument of Euro 1,260,000 to the Chief Executive Officer, as a fixed component of his remuneration and (ii) a gross annual emolument of Euro 440,000 to the Executive Director, as a fixed component of his remuneration.

On March 22, 2022, the Board of Directors, on the proposal of the Remuneration Committee, with prior favourable opinion of the Board of Statutory Auditors, verified the level of achievement of the medium-long term qualitative and quantitative targets set out in the 2019-2021 Performance Shares Plan for Executive Directors and the existence of the additional conditions for the allocation of shares pursuant to the regulations of the 2019-2021 Performance Shares Plan (i.e., the existence of the beneficiary's relationship with the Group and their continuing the status as Executive Director; compliance with the financial covenants set out in the loan agreements that the Company has in place) and, consequently, resolved to award to (a) the Chief Executive Officer, Massimo Candela, a bonus of 38,573 Fila ordinary shares for the period 2019 - 2021 (30% of the base bonus allocated to the Chief Executive Officer); and (b) the Chief Executive Officer, Luca Pelosin, a bonus of 12,858 Fila ordinary shares for the period 2019 - 2021 (30% of the base bonus allocated to the Chief Executive Officer).

On March 22, 2023, the Board of Directors, upon the proposal of the Remuneration Committee and following the favourable opinion of the Board of Statutory Auditors, verified the achievement of the short-term qualitative and quantitative targets set out in the 2022 Remuneration Policy and, consequently, resolved to grant (a) Chief Executive Officer Massimo Candela short-term variable remuneration totalling Euro 330,120 for 2022; and (ii) Executive Director Luca Pelosin short-term variable remuneration totalling Euro 115,280 for 2022.

The following table illustrates the level of achievement of the short-term qualitative and quantitative targets set out for Executive Directors in the 2022 Remuneration Policy.

RESULTS OF 2022 SHORT-TERM TARGETS					
OFFICE	TARGET	WEIGHTING %	RESULT	LEVEL OF ACHIEVEMENT %	REMUNERATION RECOGNISED (IN EURO)
<b>QUALITATIVE TARGETS</b>					
<b>Chief Executive Officer</b> (Massimo Candela)	Definition of a contingency succession plan for Executive Directors and SEs	50%	Achieved	100%	94,500
	Definition of a Group strategic training plan, also including topics in the Environmental, Social and Governance area	50%	Achieved	100%	94,500
<b>Executive Director</b> (Luca Pelosin)	Definition of a contingency succession plan for Executive Directors and SEs	50%	Achieved	100%	33,000
	Definition of a Group strategic training plan, also including topics in the Environmental, Social and Governance area	50%	Achieved	100%	33,000
<b>QUANTITATIVE TARGETS</b>					
<b>Chief Executive Officer</b> (Massimo Candela)	Achievement of the consolidated EBITDA targets	70%	(*)	20%	61,740
	Achievement of the consolidated NFP targets	30%	(*)	60%	79,380
<b>Executive Director</b> (Luca Pelosin)	Achievement of the consolidated EBITDA targets	70%	(*)	20%	21,560
	Achievement of the consolidated NFP targets	30%	(*)	60%	27,720

(\*) This information has not been included because it refers to economic-financial data of a forecast nature that have not previously been communicated to the public.

For information on the achievement of qualitative and quantitative medium-to-long term targets, as set out in the Executive Directors' 2019-2021 Performance Shares Plan, please refer to Section Two, Chapter 1, Paragraph 1.2 of the 2022 Remuneration Policy and Report, available on the Company's website (at [www.filagroup.it](http://www.filagroup.it)), "Governance" section.

\* \* \*



A summary of the remuneration paid to Executive Directors in 2022 is outlined below.

SUMMARY OF REMUNERATION FOR EXECUTIVE DIRECTORS IN 2022							
OFFICE	FIXED	SHORT-TERM VARIABLE		MEDIUM-/LONG-TERM VARIABLE		OTHER	TOTAL
		QUANTITATIVE	QUALITATIVE	QUANTITATIVE	QUALITATIVE		
<b>IN EURO</b>							
<b>Chief Executive Officer</b> (Massimo Candela)	1,260,000	141,120	189,000	-	-	-	1,590,120
<b>Executive Director</b> (Luca Pelosin)	440,000	49,280	66,000	-	-	-	555,280
<b>TOTAL</b>	1,700,000	190,400	255,000	-	-	-	2,145,400
<b>PERCENTAGE VALUES</b>							
<b>Chief Executive Officer</b> (Massimo Candela)	79.24%	8.87%	11.89%	-	-	-	<b>100.00%</b>
<b>Executive Director</b> (Luca Pelosin)	79.24%	8.87%	11.89%	-	-	-	<b>100.00%</b>

### 1.3 GENERAL MANAGERS

The Company has not appointed General Managers.

### 1.4 SENIOR EXECUTIVES

The Senior Executives are identified by the Board of Directors of the Company, also having consulted with the Remuneration Committee.

There are no Senior Executives who received higher overall compensation during the year than the highest overall compensation attributed to the members of the management or control boards.

As regards those acting as Senior Executives in 2022, or also for a part of the year, the following remuneration was paid: (i) fixed remuneration as a Group employee; (ii) short-term variable remuneration; (iii) other non-monetary benefits (e.g. car allowance) and non-monetary benefits (company car, meals, insurance).

Shares were allocated during 2022 in execution of the 2019-2021 Performance Shares Plan. Specifically, following the Board of Directors motion of March 22, 2022, on the proposal of the Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors, the Board verified the level of achievement of the medium-long term qualitative and quantitative targets set out in the 2019-2021 Performance Shares Plan for Senior Executives, along with the existence of the additional

conditions for the allocation of shares pursuant to the 2019-2021 Performance Shares Plan regulation (i.e. the existence of the beneficiary's relationship with the Group and maintenance of the respective qualification; compliance with the financial covenants set out in the loan agreements that the Company has in place) and, consequently, resolved to assign to Senior Executives a bonus equal to 28,656 Fila ordinary shares for the period 2019 - 2021. The 28,656 shares of Fila common stock<sup>8</sup> were made available to the Senior Executives no later than the 60<sup>th</sup> calendar day following the approval of the Company's consolidated financial statements for the year ended December 31, 2021 in accordance with the terms of the 2019-2021 Performance Shares Plan regulation. In addition, pursuant to the 2019-2021 Performance Shares Plan rules, Senior Executives will be required to maintain (i) 25% of the shares allocated to them for 6 months from the date they are actually made available; and (ii) an additional 25% of the shares allocated to them for 12 months from the date they are actually made available.

During the 2022 financial year, no indemnities or other benefits were granted for termination of office or termination of employment of Senior Executives.

### 1.5 BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of April 27, 2021, on the appointment of the Board of Statutory Auditors, approved a gross annual remuneration for each Statutory Auditor of Euro 30,000 and of Euro 40,000 for the Chairperson of the Board of Statutory Auditors, confirming the remuneration allocated to the control body previously in office.

### 1.6 EXCEPTIONS TO THE REMUNERATION POLICY 2022

No exceptions to the 2022 Remuneration Policy were applied in 2022.

### 1.7 INFORMATION REGARDING APPLICATION OF *EX-POST* CORRECTION MECHANISMS FOR VARIABLE REMUNERATION

In 2022, the Company did not apply the mechanisms for *ex-post* correction of the variable component (e.g., "malus" and/or "clawback" clauses), although this option is provided for in the 2022 Remuneration Policy.

### 1.8 COMPARISON INFORMATION

The following table provides comparison information for the last 3 (three) years, detailing the annual change:

- (i) in the total remuneration of each of the persons for whom the information in Section II of the Report is provided by name (i.e. Executive Directors);
- (ii) in the Company and the Group's results;
- (iii) in the average gross annual remuneration, measured on full-time employees, of employees other than those whose remuneration is represented in Section II of the Report (i.e. Executive Directors).

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<sup>(8)</sup> In addition to these shares, there are 5,057 Fila common stock shares awarded to a SE leaving office, following verification of one of the Good Leaver requisites, pursuant to the 2019-2021 Plan regulations, prior to the natural expiration date of 2019-2021 Performance Shares Plan.

COMPARISON INFORMATION - ANNUAL CHANGE			
	FY 2020	FY 2021	FY 2022
<b>REMUNERATION OF THE EXECUTIVE DIRECTORS</b>			
<b>Chief Executive Officer</b> <i>(Massimo Candela)</i>	1,862,100 <sup>(1)</sup>	2,286,957 <sup>(3)</sup>	1,590,120
<b>Executive Director</b> <i>(Luca Pelosin)</i>	620,700 <sup>(2)</sup>	762,322 <sup>(3)</sup>	555,280
<b>GROUP RESULTS</b>			
Normalised Consolidated Revenues <sup>(4)</sup>	608,167,000	653,471,000	764,580,000
Consolidated Normalised Gross Operating Margin <sup>(4)</sup>	95,351,000	109,075,000	110,253,000
<b>AVERAGE REMUNERATION ON AN EQUIVALENT BASIS FOR FULL-TIME EMPLOYEES <sup>(5)</sup></b>			
Company employees	55,600	62,510	61,588
Group employees	14,369	14,995	14,386

(1) The remuneration indicated includes Euro 375,000 of extraordinary bonus paid for the Arches acquisition.

(2) The remuneration indicated includes Euro 125,000 of extraordinary bonus paid for the Arches acquisition.

(3) Includes value of shares awarded at close of 2019-2021 PSP.

(4) Normalised consolidated revenues and normalised consolidated EBITDA are those reported in the Consolidated Financial Statements.

(5) Average compensation on an equivalent basis for full-time employees was calculated by considering the ratio of Labour Cost to the average number of employees shown in the Annual Financial Report.

## 1.9 INFORMATION ON HOW THE VOTE TAKEN AT THE SHAREHOLDERS' MEETING OF APRIL 27, 2022 ON SECTION II OF THE REMUNERATION POLICY AND REPORT WAS TAKEN INTO ACCOUNT

The Board of Directors and the Remuneration Committee, in defining the Remuneration Policy, took into account the guidelines expressed by the shareholders during the Shareholders' Meeting vote on Section II of the 2022 remuneration policy and 2021 report (favourable votes equal to 98,162% and 97.615% respectively of the total voting rights represented at the Shareholders' Meeting), which confirmed significant shareholder approval of the remuneration paid by the Company to Directors, Statutory Auditors and Senior Executives during 2021.

\* \* \*

The remuneration set out in this Report is based, for 2022, on the 2022 Remuneration Policy.

For further details on remuneration paid, reference should be made to the tables below.

For more information on the 2019-2021 Performance Shares Plan, reference should be made to the documents published on the Company's website ([www.filagroup.it](http://www.filagroup.it)), in the "Governance" section.

## 2. PART II - BREAKDOWN OF THE REMUNERATION PAID DURING THE YEAR

**Table 1**

Remuneration paid to members of the Board of Directors and of the Board of Statutory Auditors, in addition to other Senior Executives.

Name	Office	Period of office	Concl. of office	Fixed remun. (in Euro)	Committee remun. (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remun. (in Euro)	Total (in Euro)	Fair Value of equity remun. (in Euro)	Benefits on conclusion of office (in Euro)
						Bonuses and other incentives	Profit sharing					
Giovanni Gorno Tempini	Chairperson	01.01.2022 – 31.12.2022	Approval 2023 FS	120,000	-	.	-	6,924	-	126,924	-	-
Massimo Candela <sup>9</sup>	Chief Executive Officer	01.01.2022 – 31.12.2022	Approval 2023 FS	1,260,000	-	330,120	-	4,219	-	1,594,339	67,969	-
Luca Pelosin <sup>10</sup>	Executive Director	01.01.2022 – 31.12.2022	Approval 2023 FS	44,000	-	115,280	-	5,817	-	561,097	24,469	-
Alberto Candela	Honorary Chairperson	01.01.2022 – 31.12.2022	Approval 2023 FS	170,000	-	.	-	127	-	170,127	-	-
Annalisa Barbera	Director	01.01.2022 – 31.12.2022	Approval 2023 FS	25,000	13,500	-	-	-	-	38,500	-	-

<sup>9</sup>**Massimo Candela** - Chief Executive Officer: the amount includes: (i) the annual fixed remuneration established by the Board of Directors for the position of Chief Executive Officer; (ii) the short-term variable qualitative and quantitative remuneration for 2022, and (iii) the value of fringe benefits.

<sup>10</sup>**Luca Pelosin** - Executive Director: the amount includes: (i) the annual fixed remuneration established by the Board of Directors for the position of Chief Executive Officer; (ii) the short-term variable qualitative and quantitative remuneration for 2022, and (iii) the value of fringe benefits.

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Name	Office	Period of office	Concl. of office	Fixed remun. (in Euro)	Committee remun. (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remun. (in Euro)	Total (in Euro)	Fair Value of equity remun. (in Euro)	Benefits on conclusion of office (in Euro)
						Bonuses and other incentives	Profit sharing					
Carlo Paris	Director	01.01.2022 – 31.12.2022	Approval 2023 FS	25,000	19,500	-	-	-	-	44,500	-	-
Donatella Sciuto	Director	01.01.2022 – 31.12.2022	Approval 2023 FS	25,000	20,000	-	-	-	-	45,000	-	-
Giorgina Gallo	Director	01.01.2022 – 31.12.2022	Approval 2023 FS	25,000	6,000	.	-	----	-	31,000	-	-
Gianfranco Consorti	Chairperson of the Board of Statutory Auditors	01.01.2022 – 31.12.2022	Approval 2023 FS	40,000	-	.	-	----	-	40,000	-	-
Elena Spagnol	Statutory Auditor	01.01.2022 – 02.10.2022	-----	22,500	-	.	-	----	-	22,500	-	-
Pietro Villa	Statutory Auditor	01.01.2022 – 31.12.2022	Approval 2023 FS	30,000	-	.	-	----	-	30,000	-	-
Stefano Amoroso	Alternate Auditor	01.01.2022 – 31.12.2022	Approval 2023 FS	-----	-	.	-	----	6,500	6,500	-	-
Sonia Ferrero	Statutory Auditor	12.10.2022 – 31.12.2022	Next Shareholders' Meeting	7,500	-	-	-	-	-	7,500	-	-

Name	Office	Period of office	Concl. of office	Fixed remun. (in Euro)	Committee remun. (in Euro)	Non-equity variable remuneration (in Euro)		Non-monetary benefits (in Euro)	Other remun. (in Euro)	Total (in Euro)	Fair Value of equity remun. (in Euro)	Benefits on conclusion of office (in Euro)
						Bonuses and other incentives	Profit sharing					
		Remuneration from Company	-	221,245	-	51,205	-	3,181	-	275,631	8,156	-
SE	-	Remuneration from subsidiaries and associates	-	1,398,046	-	437,089	-	121,723	21,126	1,977,984	32,516	-
		Sub-total	-	1,619,291	-	488,294	-	124,904	21,126	2,253,616	40,672	-
<b>Total</b>				<b>3,809,291</b>	<b>59,000</b>	<b>933,694</b>	<b>-</b>	<b>141,991</b>	<b>27,626</b>	<b>4,971,603</b>	<b>133,110</b>	<b>-</b>

**Table 3 A** - Incentive plans based on financial instruments, other than stock options, in favour of members of the Board of Directors, the Board of Statutory Auditors and other Senior Executives.

A	B	(1)	Financial instruments granted in previous years not vested in the year		Financial instruments granted in the year					Financial instruments vested in the year and not allocated	Financial instruments vested in the year and to be allocated		Financial instruments accruing in the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Name	Office	Plan	Number and Type financial instrum.	Vesting period	Number and Type of financial instruments <sup>11</sup>	Fair value at allocation date <sup>12</sup>	Vesting period	Allocation date <sup>13</sup>	Market price upon allocation <sup>14</sup>	Number and type of financial instruments	Number and type of financial instrum.	Value at vesting date	Fair value <sup>15</sup>
Massimo Candela	Chief Executive Officer	2022-2026 Performance Shares Plan - First cycle (2022-2024)			62,500	571,250	2022 - 2024	22/3/2022	9.14	-	-	-	67,969
Luca Pelosin	Executive Director	2022-2026 Performance Shares Plan - First cycle (2022-2024)			22,500	205,650	2022 - 2024	22/3/2022	9.14	-	-	-	24,469
SE	-	2022-2026 Performance Shares			37,400	341,836	2022 - 2024	22/3/2022	9.14	-	-	-	40,672

<sup>11</sup> Basic number of shares granted, as per Board of Directors' motion of March 22, 2022, contingent upon Shareholders' Meeting approval of the 2022-2026 PSP on April 27, 2022;

<sup>12</sup> This is the value at the vesting date and is calculated considering Fila's closing share price on the Euronext Milan market on March 22, 2022 (Euro 9.14), when the Board of Directors' meeting at which shares were awarded occurred, subject to the Shareholders' Meeting's approval of the 2022-2026 PSP.

<sup>13</sup> This is when the Board of Directors met to award the shares, contingent on the Shareholders' Meeting's approval of the 2022-2026 PSP.

<sup>14</sup> This is Fila's closing share price on the Euronext Milan market on March 22, 2022 (Euro 9.14), when the Board of Directors' meeting at which shares were awarded occurred, subject to the Shareholders' Meeting's approval of the 2022-2026 PSP.

<sup>15</sup> Represents accrued annual value of shares for the first cycle of the 2022-2026 PSP, calculated in accordance with IFRS standards.



	Plan - First cycle (2022-2024)											
<b>Total</b>				<b>1,118,736</b>								<b>133,110</b>

**Table 3 B** - Monetary incentive plans in favour of the members of the Board of Directors, Board of Statutory Auditors and other Senior Executives.

			<i>Bonus for the year</i>			<i>Prior year bonuses</i>			
Name	Office	Plan	Issuable/Issued	Deferred	Period of deferment	No longer issuable	Issuable/Issued	Still deferred	Other Bonuses
Massimo Candela	Chief Executive Officer	Short-term variable component	330,120	-	-	-	-	-	-
Luca Pelosin	Executive Director	Short-term variable component	115,280	-	-	-	-	-	-
SE	Remuneration from Company	Short-term variable component	51,205	-	-	-	-	-	-
	Remuneration from subsidiaries and associates	Short-term variable component	437,089	-	-	-	-	-	-
	Sub-total		488,294	-	-	-	-	-	-
<b>Total</b>			<b>933,694</b>	-	-	-	-	-	-

### 3. PART III - LIST OF INVESTMENTS HELD

**Table 1**

Investments of members of the Board of Directors, Board of Statutory Auditors and other Senior Executives.

Name	Office	Company	Number of shares held at 31.12.2021	Number of shares purchased/allocated	Number of shares sold	Number of shares held at 31.12.2022
Massimo Candela	Chief Executive Officer	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. <sup>16</sup>	8,081,856 “B” shares 13,694,563 ordinary shares	23,815 ordinary shares	2,090,164 ordinary shares	8,081,856 “B” shares 11,618,214 ordinary shares
		F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. <sup>17</sup>	-	38,573 ordinary shares	-	38,573 ordinary shares
		FILA Iberia S.L.	3.23%			3.23%
		Grupo Fila Dixon S.A. de CV	445	-	-	445
		Servidix (Mexico)	1	-	-	1
		Dixon Comercializadora S.A. de CV (Mexico)	5	-	-	5
		Dixon Ticonderoga de Mexico (Mexico)	1	-	-	1
Giovanni Gorno Tempini	Chairperson	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	= =	10,000 ordinary shares	==	10,000 ordinary shares

<sup>16</sup> These are shares held indirectly through the subsidiary Pencil S.r.l.

<sup>17</sup> These are Ordinary Shares held directly.

Name	Office	Company	Number of shares held at 31.12.2021	Number of shares purchased/allocated	Number of shares sold	Number of shares held at 31.12.2022
Luca Pelosin	Executive Director	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	108,880 ordinary shares	12,858 ordinary shares	==	121,738 ordinary shares
Annalisa Barbera	Non-Executive Director	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	3,954 ordinary shares	==	==	3,954 ordinary shares
SEs <sup>18</sup>	-	F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.	36,115 ordinary shares	28,656 ordinary shares	21,155 ordinary shares	43,616 ordinary shares

<sup>18</sup> Figure includes shares held by 2 SEs leaving office in 2023.

## ANNEX A

Actual EBITDA, Actual NFP, Operating Income and Net Capital Employed will be normalised using precise formulas that will provide for the economic and financial elements to be considered and excluded from the normalisation scope, including the effects deriving from the application of IFRS 16 and those of current and non-current financial instruments (MTM).

More specifically, the Actual EBITDA, Actual NFP, Operating Income and Net Capital Employed will be calculated using with the items reported as per the consolidated financial statements and normalised through neutralisation of all costs/charges and revenue/income (and relative financial movements) outside of the ordinary operations of the Company and not envisaged in the Group Business Plan (both conditions should be present).

For example: extra direct and indirect costs concerning goodwill, the transfer and closure of commercial or industrial operations; restructuring charges for the portion not capitalised, such as for example, leaving and mobility incentives, bonuses; consultancy charges incurred by the companies of the Group in relation to market research, regulatory adjustments, the acquisition of new companies, the listing of securities of the Company on regulated markets and any other extraordinary corporate operations; commissions and consultancy charges concerning financing operations or the issue of debt securities deriving from changes to the accounting standards during the year; indemnities, penalties, bonuses or similar cash amounts received or recognised as compensation in relation to any disputes concerning non-recurring events.

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Milan, March 22, 2023

**F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A.**

On behalf of the Board of Directors

Giovanni Gorno Tempini

(Chairperson)

